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RUEHN/AMEMBASSY OSLO PRIORITY 2894
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9175
RUEHKO/AMEMBASSY TOKYO PRIORITY 1967
RUEHBI/AMCONSUL MUMBAI PRIORITY 4294
RUEHCG/AMCONSUL CHENNAI PRIORITY 6291
RUEKDIA/DIA WASHDC PRIORITY
RHEHN/NSC WASHDC PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 04 COLOMBO 000088

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FOR U/S BURNS FROM THE AMBASSADOR

E.O. 12958: DECL: 01/10/2015

TAGS: PREL PGOV PTER CE

SUBJECT: SRI LANKA: SCENESETTER FOR THE JANUARY 23-25
VISIT OF U/S BURNS

REF: A. STATE 3000

1B. COLOMBO 0055

1C. 2005 COLOMBO 2179

1D. 2005 COLOMBO 2008

Classified By: AMB. JEFFREY J. LUNSTEAD. REASONS: 1.4 (B,D)

SUMMARY

11. (C) Your visit to Sri Lanka comes as small-scale but recurrent aggression by the insurgent Liberation Tigers of Tamil Eelam (LTTE) is exerting increasing pressure on a still-new and relatively untested Government of Sri Lanka (GSL) executive. President Mahinda Rajapaksa appears to lack a coherent strategy to engage the Tigers and is looking to the international community--including the U.S.--for assistance in getting the LTTE back to the table and in curbing the Tigers' foreign funding sources. While stepped-up Tiger attacks may be a ploy to return to negotiations from a position of strength, the persistent violence--which comes from both sides--strains an already imperiled Ceasefire Agreement (CFA) and increases the potential for human rights violations. Your time in Sri Lanka (which will coincide in part with the Jan. 23-26 visit of Norwegian International Development Minister Erik Solheim) is an opportunity to underscore U.S. support, urge continued restraint in the face of LTTE provocations and prod the GSL to develop its own thinking about how to advance the peace process. You can also assure the GSL we will act to shut down any illegal Tiger fundraising in the U.S. You may also wish to note our continued interest in religious freedom issues. End summary.

PARALYTIC PEACE PROCESS;
CEASEFIRE SEVERELY COMPROMISED

12. (C) Since the November 17 election of President Mahinda Rajapaksa, the insurgent Liberation Tigers of Tamil Eelam (LTTE) have intensified pressure on the new government by disregarding the ceasefire and launching isolated,

small-scale attacks against GSL security forces, killing almost 100 Sri Lankan soldiers and sailors since the beginning of December. Although the GSL thus far has largely shown restraint in the face of these provocations, Emergency Regulations that give police and military expanded powers of search, seizure and arrest (usually directed against Tamil minorities), recent cordon-and-search operations targeting Tamil areas, and the alleged involvement of security forces in the extrajudicial killings of five Tamil students (Ref B) all raise the possibility that the continued violence, besides endangering the fragile Ceasefire Agreement (CFA), could undermine respect for human rights. In addition, the GSL is widely suspected of providing some measure of support to anti-LTTE paramilitaries, whose assassinations of Tiger targets compound the bloodshed, while deepening distrust of the GSL among ordinary Tamils.

¶3. (C) Rajapaksa campaigned successfully by supporting a peaceful resolution but criticizing the peace process. Since coming into office, however, he has toned down his rhetoric, welcoming--and even soliciting--guidance from the Co-chairs, asking Norway to remain as peace process facilitator and inviting the LTTE for talks to strengthen the ceasefire. Since Foreign Minister Samaraweera's January 5 meeting with the Secretary and you in Washington (Ref A), there has been no progress in resolving the disagreement over the venue for such talks. (Note: The LTTE continues to insist on Oslo; the GSL, fearing that an Oslo location could be misinterpreted as undermining the EU travel ban on the Tigers, wants a non-Western venue like Tokyo or possibly South Africa. End note.) Rajapaksa and his new government seem genuinely committed to the peace process, but seem just as genuinely at a loss how best to proceed (and are also

COLOMBO 00000088 002 OF 004

constrained by Rajapaksa's electoral alliances with Sinhalese nationalist parties). As a result, the GSL is seeking assistance from the international community, including the U.S., to persuade the Tigers to return to the table. While we agree that international pressure might help convince the LTTE to re-engage, we also fear that the reflex "the international community should be doing more" attitude may impede GSL efforts to develop its own strategy for dealing with the Tigers. The GSL appreciates our FTO designation of the Tigers but has asked us to scrutinize fundraising by LTTE-affiliated organizations in the U.S.

¶4. (C) While the GSL is clearly committed to the peace process (if uncertain of next steps), LTTE thinking remains, as usual, more difficult to determine. Whether the escalating violence is intended merely to intensify pressure on the GSL before a return to talks or signals an LTTE decision to resume hostilities no one, except the Tiger leadership, knows for sure. Our best guess is that the Tigers are trying (with some apparent success) to keep the GSL off balance--in a perpetual reactive mode that makes it difficult for Rajapaksa to plan ahead, achieve a consensus on peace among easily aggrieved southern political leaders and display the leadership he will need to show his constituents before entering negotiations. Whatever their motivation, the Tigers' flagrant and increasingly frequent provocations demonstrate only too clearly their willingness to risk a return to hostilities.

¶5. (C) Your visit will coincide in part with the first visit of Norwegian Minister for International Development and peace envoy Erik Solheim since Rajapaksa's election. Solheim, who will be in Sri Lanka Jan. 23-26, expects to meet Prabhakaran, the reclusive Tiger leader, at his headquarters in Kilinochchi. This rare face-to-face (the first in over a year) could provide a very narrow window of opportunity for a fresh start that the GSL should not overlook.

¶6. (C) In your meetings with the President, Foreign Minister, Prime Minister Ratnasiri Wickremayake and Opposition Leader Ranil Wickremesinghe, you may wish to:

--Express concern at the deteriorating security situation and command the restraint shown so far;

--Underscore the need to maintain scrupulous respect for human rights, despite provocations;

--Reassure GSL of our commitment to prohibit LTTE fundraising within our borders;

--While noting U.S. support, stress the need for Sri Lankans to develop their own resolution to the conflict;

--Highlight the importance of a southern political consensus on approaches to the peace process;

--Reiterate support for Norwegian facilitation role;

--Urge GSL to capitalize on any opportunities Solheim/Prabhakaran meeting might present.

RELIGIOUS FREEDOM

¶7. (C) Although Rajapaksa aligned himself with the Buddhist nationalist Jathika Hela Urumaya (JHU) during his campaign, since coming into office he has repeatedly assured the Ambassador that anti-conversion legislation proposed earlier will not move forward. In your meetings with the President, Foreign Minister and Prime Minister (who as Buddhist Affairs Minister during the previous administration reportedly pushed one of the anti-conversion drafts through the Cabinet), you may wish to underline continued U.S. interest in religious freedom and our understanding that these bills, which would severely compromise that freedom, are not on the GSL agenda.

COLOMBO 00000088 003 OF 004

MILITARY-TO-MILITARY RELATIONSHIP

¶8. (C) Our military interaction for the most part consists of IMET, a modest Foreign Military Financing (FMF) program, Joint Combined Exercise and Training (JCET) visits and Title Ten activities. IMET funding for FY05 was 500,000 USD and FY 04 and 05 FMF grant monies provided totaled 1.491 Million dollars. We expect the FMF monies will be spent on excess defense articles (EDA) including our older body armor, ballistic helmets and other critically needed protective gear. In the spring of 2005 we transferred a former US Coast Guard Cutter (Courageous) to the Sri Lanka Navy. We also have a Foreign Military Sales case to supply parts for two UK acquired C-130 aircraft, although the bulk of US military equipment sales to Sri Lanka have been through direct commercial sales and included such big ticket items as Bell 212 and 412 helicopters and ANTPQ 36 Artillery Radars. Our JCET program this year begins with a team arriving January 29 to conduct training with Sri Lanka Army Commandos and Special Forces on long range patrolling, first aid, and operations in urban terrain. We also expect a US Naval ship visit in February. We publicize these activities extensively to send the message to the Tigers that we stand behind the GSL and that a return to war would be costly.

ECONOMIC SCENE

¶9. (SBU) As the Ambassador recently noted in a speech to the American Chamber of Commerce, in order to achieve better economic progress, "peace is paramount." The continuing uncertainty surrounding the peace process has raised concerns among current and potential investors. While Sri Lanka suffered over USD 1 Billion in damage as a result of the

tsunami, most rebuilding costs will be borne by NGOs and the

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donor community. Sri Lanka's economic growth rate did not suffer noticeably, largely because of the relatively low contribution of the tourism and fishing sectors (the two most heavily affected industries) to GDP, and the offsetting growth in the construction industry.

¶10. (SBU) Sri Lanka is an Millennium Challenge Account eligible country, and has submitted a compact proposal focusing on rural development, including rural irrigation projects, rural roads, rural electrification and small and medium enterprise development. Millennium Challenge Corporation is currently conducting its due diligence of the proposal and negotiating the compact terms. We hope to have a concluded agreement by mid-summer 2006.

¶11. (SBU) The current government acknowledges the need for an open economy, but still has some fairly statist leanings. The President's Marxist-Nationalist allies are opposed to privatization of state-owned enterprises, despite their poor track record and record losses, and the recently passed budget was full of give-aways, particularly to rural communities. One positive feature of the budget was a cap on petroleum subsidies, which should help stop the hemorrhage of money as a result of increased oil prices.

MEDIA

¶12. (SBU) The Sri Lankan media encompass both state-run and independent print and broadcast organizations, in all three languages. The media are generally well-disposed to the United States, save for occasional criticism of our intervention in Iraq. The U.S. and EU and "the West" all take some heat in the Sinhala nationalist press for allegedly not doing enough to pressure the LTTE. Associated Press, Reuters, AFP, BBC and the New York Times all have correspondents on the ground here and can be expected, in

COLOMBO 00000088 004 OF 004

addition to the local press, to attend the press conference we are planning. New Delhi bureaus of other Western press, such as the Washington Post, Time Magazine and others, might have correspondents here as well since your visit coincides with Solheim's visit. You can expect questions along the lines of why the U.S. continues to allow the Tamil Rehabilitation Organization (TRO) to operate freely, what would the U.S. do in the event of a return to war, and why the U.S. wants the GSL to negotiate with a terrorist group that the U.S. itself does not speak to. A question might possibly arise on U.S. assistance to Sri Lanka and the Millennium Challenge Account compact still being discussed.

LUNSTEAD